

LOS ANGELES – Representative Xavier Becerra (CA – 31), the only congressional member from Southern California on the House Committee on Ways and Means, hosted a press conference at Goodwill Southern California today to highlight the positive impact volunteer income tax assistance sites have on low-income taxpayers and to announce his newest piece of legislation, H.R. 3983, "The Low-Income Taxpayer Protection Act of 2004." H.R. 3983 takes a two-pronged approach aimed at assisting low-income taxpayers in preparing and filing their tax returns and protecting taxpayers from unscrupulous refund anticipation loan providers. RALs are immediately available high interest loans offered commercially to taxpayers and secured by their anticipated tax refunds with annualized interest rates ranging from 97 to 2,000 percent.

According to a report prepared by the Consumer Federation of America and the National Consumer Law Center entitled "All Drain, No Gain," RAL fees cost consumers approximately \$1.14 billion in 2002, up nearly \$200 million from the year before. Additional fees for electronic filing, "document preparation," and "applications" added another \$406 million to the total. Families who can afford it the least are suffering a \$1.5 billion drain on their tax refunds.

"Far too many of my constituents for far too long have fallen prey to RALs. I am pleased to join with my friend and colleague from New Mexico, Senator Bingaman, in this effort," Rep. Becerra said. "This is an egregious practice that must come to an end and our bill combats these problems head on."

H.R. 3983 is the House companion to S. 685 sponsored by Senators Jeff Bingaman of New Mexico and Daniel Akaka of Hawaii, which would provide additional assistance for low-income taxpayers in preparing and filing their tax returns and protecting them from unscrupulous RAL providers.

“At first blush, RALs might look like an attractive way for tax filers to get a quick turnaround on their refunds,” Senator Jeff Bingaman said. “But in the hands of unscrupulous lenders, RALs turn out to be nothing more than a scheme that prevents low-income Americans from getting the full benefit of their tax refund. We should put an end to this practice.”

Expanding the scope and influence of VITA sites would be a significant step in curtailing the influence of RALs. Goodwill Southern California is a VITA site host that opens its doors annually to allow low-income taxpayers to sit down with volunteers and complete their tax returns. In most instances, these taxpayers are unaware of the various intricacies of the tax code, like the EITC, that are meant to help them save money. H.R. 3983 would create a \$10 million matching grant program for the VITA program. At current, VITA only receives in-kind contributions from the federal government.

“Providing free tax preparation assistance along with information regarding earned income tax credit benefits is just one of the ways Goodwill Southern California fulfills its mission of helping individuals become self-sufficient,” Doug Barr, President and CEO of Goodwill Southern California, said.

Rep. Becerra is also the author of H.R. 1782, legislation that would strengthen and simplify the Earned Income Tax Credit, which has proven to be a critically important federal program that benefits hundreds of thousands of low and moderate income working families in Los Angeles.

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